

WAKE UP CALL

BRINGING YOU THE UPDATED NEWS
FROM **RSM INDONESIA**

QUARTER II - 2026

Welcome to issue 77 of Wake Up Call.
RSM Indonesia newsletter covering topics on audit, tax and consulting.

IN THIS ISSUE:

- Indonesia's AI Regulation and the Risk Your Vendor Can't Manage
- Financial Technology Growth in Indonesia: Valuation Outlook and Strategic Need for Bank Perkreditan Rakyat / Bank Pembangunan Daerah Acquisition
- Indonesia Tightens the Rules on SME Tax Breaks — Who Wins and Who Loses Under GR 20/2026
- Our Activities



INDONESIA'S AI REGULATION AND THE RISK YOUR VENDOR CAN'T MANAGE

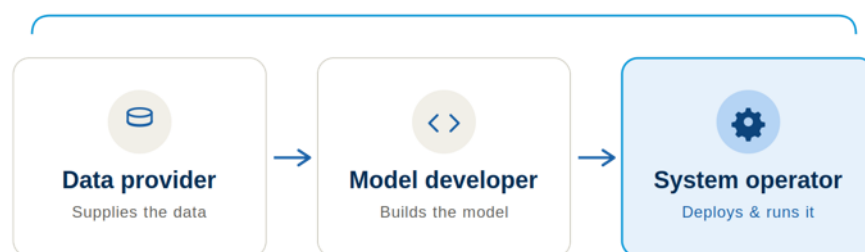
Danish Ahmad & Kemal Alfadin, Consulting Practice

Preparing for Indonesia's New AI Regulations

Indonesia is expected to issue two presidential regulations on artificial intelligence this year, a National AI Roadmap and an AI Ethics Regulation that classifies AI systems by risk level. For organizations adopting AI, the message is simple. Responsibility will increasingly fall on those deploying AI, not just those building it.

The ethics regulation reflects what researchers call human-centered, ethical, and responsible AI: keeping AI under human control, holding it to standards of fairness and transparency, and making someone accountable when it fails. In practice, that accountability often sits with the organization using the system.

Accountability extends across the entire chain



Accountability runs the length of the chain, from the data provider to the organization that deploys and runs the system.

From Model Safety to System Risk: What Vendor Frameworks Don't Cover

A vendor's AI safety framework can provide assurance about the model itself. It does not necessarily address the risks that arise when that model is integrated into business processes. That distinction becomes relevant under a risk-based regulatory approach.

OpenAI's Frontier Governance Framework is a good example. OpenAI developed it to meet new requirements in California and the European Union, and it explains how the company assesses severe risks before releasing a model. But it only governs OpenAI's models. It says nothing about how those models behave once they are running a credit approval process, a hospital triage system, or part of the power grid.

A model can appear safe in testing and still create new risks once it is connected to real systems. The judgment that a model is safe enough is also made by the vendor, on its own review of the evidence. That is useful, but for users it remains an assurance rather than an independent guarantee.

What Experts Estimate About AI Risk

A recent study from MIT puts numbers on the concern. Surveying 272 experts across 37 countries, it found that eighteen of twenty-four AI risks carried more than a one-in-ten chance of catastrophic harm within five years. These are expert estimates rather than forecasts, but they suggest that many of the people closest to the technology do not consider the risks fully understood or controlled.

Another finding concerns how risk and responsibility are distributed. Users and the public were judged the most exposed to harm, while primary responsibility for managing it sits with developers and regulators.

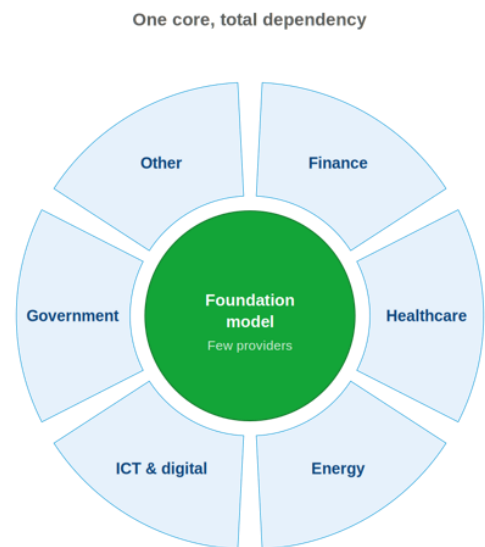
Deployers, infrastructure providers, and users themselves also carry a meaningful share.

Why This Becomes a System-Wide Risk

A vendor's framework can provide insight into a model. It cannot indicate what happens when many organizations come to depend on the same models.

The same foundation models increasingly sit behind credit scoring, healthcare services, energy forecasting, fraud detection, customer support, and public administration. When large numbers of organizations depend on the same underlying technology, a fault is no longer confined to a single organization. It becomes a shared exposure.

Three separate sources point to the same sectors. The MIT study, Indonesia's vital-infrastructure framework under Presidential Regulation 82 of 2022, and the government's own AI roadmap all identify finance, healthcare, energy, information and communication technology (ICT), and government services as areas where AI failures could have wider consequences.



The whole ring rests on one core; remove it and nothing in the ring stands.

When many critical sectors rely on the same foundation model, that model becomes a single point of dependency for all of them.

Why AI Governance Can't Stop at Development

A common argument is that responsibility should sit mainly with developers because regulation often trails technological change. There is some basis for this view. For the most severe risks, action at the developer level may be the most effective safeguard.

However, many risks emerge only at the point of deployment.

A credit-scoring model can produce discriminatory outcomes. A fraud filter can drift over time. A diagnostic tool can underperform for certain groups. An employee can paste sensitive records into a public chatbot. These issues emerge from the interaction between models, data, business processes, and users.

Accountability Already Exists

The absence of a dedicated AI law does not mean organizations are without obligations. Data-protection requirements, sector regulations, board-level accountability, and, for critical sectors, Presidential Regulation 82 of 2022 already apply.

The AI Ethics Regulation is expected to classify systems into low-risk, high-risk, and unacceptable-risk categories. High-risk systems are expected to include AI that uses personal data or significantly affects rights, safety, or essential services. Responsibility is expected to extend across the chain from data provider to system operator.

A bank using AI to assess creditworthiness would likely fall within the high-risk category. The regulation may not introduce penalties of its own, but enforcement can still occur through existing data-protection, financial-sector, and industry-specific rules that already carry sanctions.

FINANCIAL TECHNOLOGY GROWTH IN INDONESIA: VALUATION OUTLOOK AND STRATEGIC NEED FOR BANK PERKREDITAN RAKYAT / BANK PEMBANGUNAN DAERAH ACQUISITION

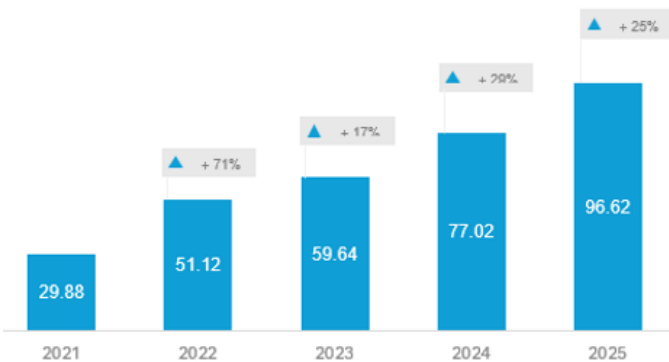
Syahadam Manaf, Consulting Practice

Is Indonesia's Financial Technology Sector Entering a New Phase?

Indonesia's Fintech sector has emerged as a key driver of the country's digital economy, driven by rapid digital adoption, increasing financial inclusion, and growing demand for accessible financial services. The rapid expansion of digital lending, payments, neo banking, and other technology-driven financial services continues to reshape Indonesia's financial landscape and attract investor interest across the sector.

Exhibit 1.

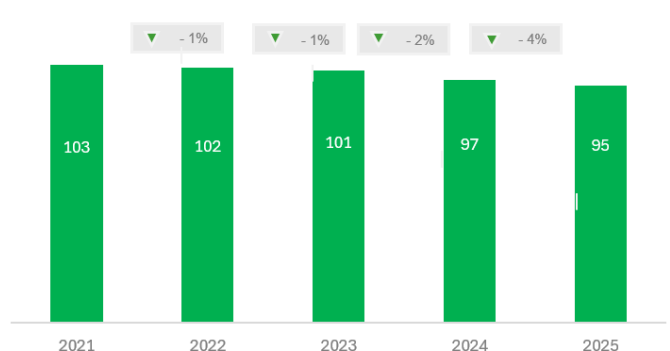
Indonesia Fintech Lending Outstanding Loan
(in IDR Trillion)



Source: Otoritas Jasa Keuangan (OJK)

Exhibit 2.

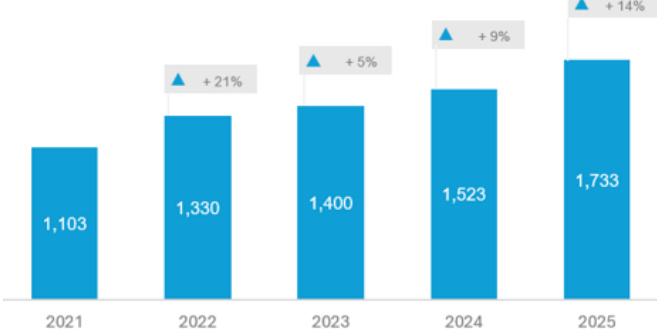
Indonesia's Fintech Lending Companies
(# of Companies)



Within fintech lending, the market is showing signs of maturation. Outstanding loans increased from IDR 29.88 trillion in 2021 to IDR 96.62 trillion in 2025, while the number of licensed players declined from 103 to 95 companies. This suggests that growth is increasingly concentrated among fewer, stronger, and more compliant platforms, reflecting industry consolidation and tighter OJK supervision rather than weakening market demand.

Exhibit 3.

Indonesia Digital Economy Gross Merchandise Value (GMV)
(in IDR Billion)

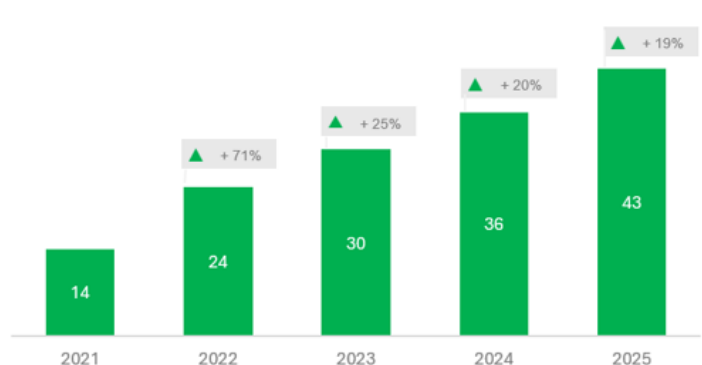


Exchange Rate = 1 USD = IDR17,500

Source: Google, Temasek, and Bain (2023,2024,2025)

Exhibit 4.

Indonesia QRIS Merchant
(# of Merchants in Million)



Source: Asosiasi Sistem Pembayaran Indonesia and Bank Indonesia

The broader digital economy also continues to expand, with GMV rising from IDR 1,103 trillion in 2021 to IDR 1,733 trillion in 2025. This growth has been supported by wider digital payment adoption, including BI-FAST's lower-cost real-time transfers and the rapid expansion of QRIS merchants from 14 million to 43 million, particularly among MSMEs.

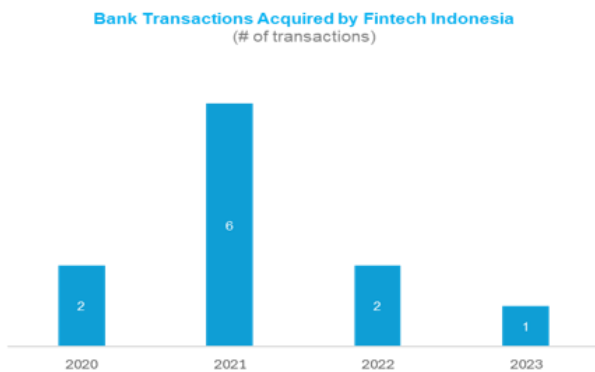
As adoption becomes more widespread, Indonesia's fintech sector is entering a more mature phase. Future growth will depend not only on user acquisition and transaction volume, but also on profitability, stable funding access, regulatory readiness, and operational resilience. This shift is expected to further support strategic partnerships, IPO preparation, and M&A activity across the sector.

Why is BPR or BPD Acquisition Becoming Strategically Important?

BPRs and BPDs are becoming increasingly relevant within Indonesia's fintech landscape as they provide capabilities that many fintech companies still lack, including access to customer deposits (Current Account Savings Account or "CASA"), regulated banking licenses, and more stable funding infrastructure. As digital lending expands, access to lower-cost funding has become increasingly important to support lending margins, profitability, and long-term growth, particularly amid elevated borrowing costs.

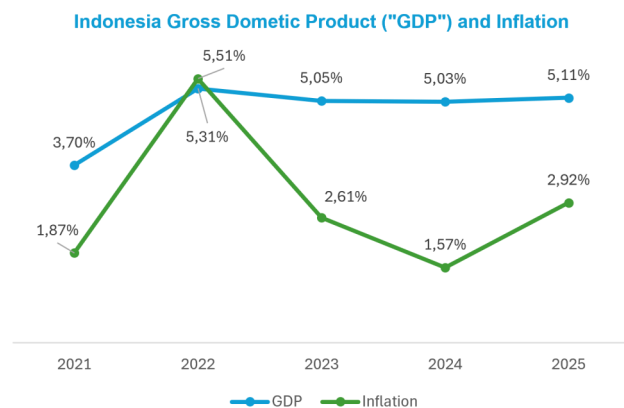
Conversely, fintech companies may offer BPRs and BPDs enhanced digital capabilities, product innovation, operational efficiency, and broader customer reach beyond traditional regional limitations. This development also aligns with OJK's *Roadmap Pengembangan dan Penguatan Industri BPR dan BPRS 2024–2027* framework, which emphasizes BPR/BPRS digitalization, strengthening competitiveness, and broader regional economic participation.

Exhibit 5.



Source: Katadata

Exhibit 6.



Source: World Bank, Statista, Badan Pusat Statistik

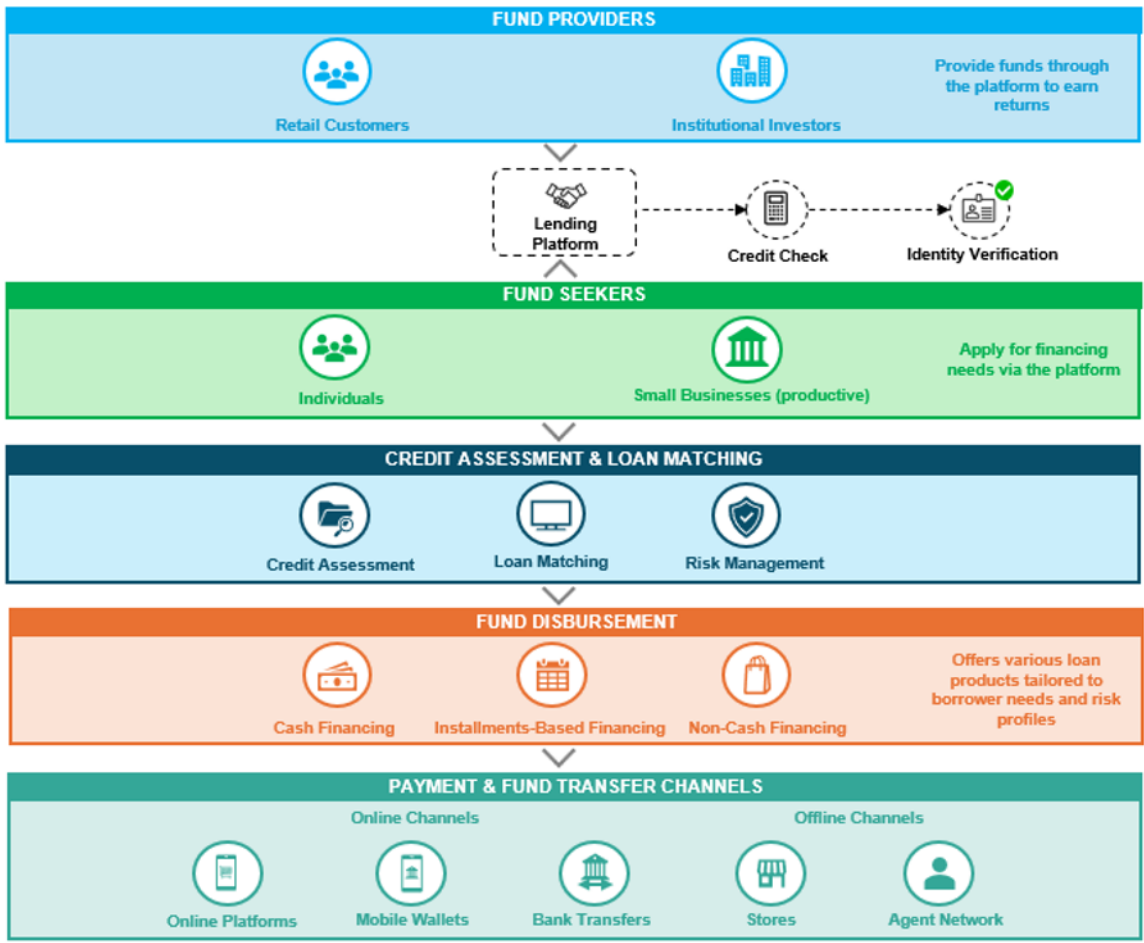
In this context, while acquisition activity has moderated since its 2021 peak, recent transactions continue to reflect strategic interest in banking access and funding stability. Indonesia's relatively resilient economic growth and moderating inflation may also continue to support long-term fintech sector expansion.

Valuation Outlook

Indonesia's fintech lending ecosystem generally operates through a digital marketplace model that connects fund providers with borrowers through an integrated lending platform. The diagram below outlines this end-to-end operational workflow.



Exhibit 7.



Beyond facilitating lending activities, the operating model also shapes a fintech company's revenue generation, risk profile, and growth prospects. These factors serve as key inputs in the valuation of fintech businesses.

The table below summarizes the common valuation methodologies across fintech companies, BPRs, and BPDs.

Exhibit 8.

Banking and Fintech Valuation Methodologies	
Fintech	Banking
<p>Typical Business Models</p> <ul style="list-style-type: none"> Digital Lending Payments / wallets Neobanks / digital platforms 	<p>Typical Business Models</p> <ul style="list-style-type: none"> Commercial Banks BPR / BPD
<p>Common Valuation Methods</p> <ul style="list-style-type: none"> Discounted Cash Flow (DCF) EV / Revenue Price to Sales (P/S) or Price to Earnings (P/E) 	<p>Common Valuation Methods</p> <ul style="list-style-type: none"> Price to Book Value (P/BV) Dividend Discount Model (DDM) DCF

Despite operating in the same ecosystem, valuation approaches differ significantly. Fintech companies are valued on their ability to convert transaction growth, customer acquisition, user engagement, and platform scalability into sustainable revenue generation and future cash flows. Conversely, banking-related transactions (BPRs/BPDs) are closely linked to banking fundamentals, including balance sheet strength, Net Interest Margin ("NIM"), asset quality, capital adequacy, and dividend capacity.

These differences indicate that similar financial performance may still lead to different valuation outcomes depending on risk level, capital structure, earnings stability, and recurring return potential.

Conclusion

Indonesia's fintech sector is expected to evolve toward a more regulated and sustainability-driven ecosystem, with greater focus on funding stability, credit quality, and long-term profitability. This may continue to drive strategic partnerships and M&A activity involving fintech companies and BPR or BPD institutions, strengthening integration between digital platforms and regulated banking infrastructure. If professional assistance is required, RSM can support companies through business valuation, transaction advisory, and other corporate finance related services.



For further information, please contact : inquiry@rsm.id

INDONESIA FACTS

TANJIDOR – Indonesia's Traditional Musical Ensembles



Tanjidor is a traditional Betawi musical ensemble that has been part of Jakarta's cultural heritage since the 19th century. Historians generally trace its development to around the 1820s–1860s, when European brass and military band music introduced during the Dutch colonial era was adopted and adapted by local communities.

A typical Tanjidor ensemble consists of brass, woodwind, and percussion instruments, including trumpets, trombones, tubas, clarinets, bass drums, snare drums, and cymbals.

The name "Tanjidor" is believed to derive from the Portuguese words *tanger* (to play music) and *tangedor* (musician), reflecting the diverse cultural influences that shaped Jakarta over centuries.

Traditionally, Tanjidor is performed during weddings, circumcision ceremonies, cultural festivals, and community parades. Unlike formal concert ensembles, musicians often perform while walking, creating a lively atmosphere that engages audiences directly.

What makes Tanjidor distinctive is its fusion of European musical instruments with Betawi cultural traditions. It represents how foreign influences were transformed into a uniquely Indonesian art form. Today, despite competition from modern entertainment, Tanjidor remains an important symbol of Betawi identity and is regularly featured in cultural events that celebrate Jakarta's rich and diverse heritage.

INDONESIA TIGHTENS THE RULES ON SME TAX BREAKS – WHO WINS AND WHO LOSES UNDER GR 20/2026

Ichwan Sukardi, Tax Practice

On 22 April 2026, the government issued Government Regulation No. 20 of 2026 (GR 20/2026), amending Government Regulation No. 55 of 2022 (GR 55/2022) on income tax adjustments. The new rules redraw the boundaries of the 0.5% final income tax (PPH Final) facility that has long been the backbone of tax relief for micro, small, and medium enterprises (SMEs), tightening eligibility while removing a long-standing time limit for individual business owners.

The Updates

GR 20/2026 narrows who can use the 0.5% final tax on gross turnover. From now on, only individual taxpayers, single-shareholder limited liability companies (PT *Perorangan*), and cooperatives qualify. Partnerships (CV), general partnerships (*Firma*), conventional multi-shareholder limited liability companies (PT), and village-owned enterprises (BUMDes) are excluded and must move to the standard corporate income tax regime. The turnover ceiling stays at IDR 4.8 billion a year. Further, GR 20/2026 expands gross turnover to include freelance and foreign income, as well as pre-discount revenue, making it easier for taxpayers to reach the IDR 4.8 billion threshold.

One of the most notable shifts is the removal of the time limit that used to apply to individuals and PT *Perorangan*. Under the old rules, individuals could use the facility for up to seven years and PT *Perorangan* for four. GR 20/2026 scraps that cap: both groups can keep using the 0.5% rate if their turnover remains below IDR 4.8 billion. Cooperatives retain access through 2029.

The regulation also closes a familiar loophole. If one person owns several PT *Perorangan*, their combined turnover is now added together. Once the total crosses IDR 4.8 billion, none of those entities can use the final tax facility going forward, a direct response to owners splitting operations into multiple smaller entities to stay below the threshold.

Lastly, income earned from independent professional work: freelancers, athletes, insurance agents, brokers, and entertainers, among others, is excluded from the final tax scheme regardless of turnover because it is treated as personal professional income rather than enterprise activity.

Impact on Existing SMEs

For sole proprietors and individually owned micro and small businesses, the change works in their favour: removing the time cap means a long-running business no longer gets pushed into standard corporate tax rates just because it has been operating for several years. That gives owners more predictable cash flow and one less compliance deadline to track.

Businesses set up as CV or conventional PT face a tougher adjustment. Many smaller, family-run operations chose these structures for liability protection or to satisfy bank or investor requirements, while still enjoying the 0.5% rate. They now must switch to standard corporate tax of 22% and take on full bookkeeping obligations, which raises both tax and accounting costs. Owners who had spread operations across several PT *Perorangan* to stay under the turnover limit will also find those entities combined for tax purposes, closing off a tactic many used to extend their eligibility.

Existing SME taxpayers with a *Surat Keterangan* under GR 55/2022 can continue using it until its expiration in 2026, if they meet GR 20/2026 criteria, but must regularly review eligibility to ensure compliance with the updated requirements.

The Impact for Taxpayers

GR 20/2026 does not expand SMEs tax relief so much as redirect it. Individual taxpayers and PT *Perorangan* come out ahead, gaining open-ended access to the 0.5% rate if they stay under the turnover threshold. CV and conventional PT owners come out behind, losing a facility they had relied on for years and facing a costlier tax regime in its place. Business owners currently operating through a CV or PT should review their structure now, since the gap between the 0.5% final tax and standard corporate tax is wide enough to materially affect their bottom line.



For further information, please contact : inquiry@rsm.id

RSM INDONESIA PUBLICATIONS

We issued several publications during 2nd quarter of 2026.

⇒ [Read more](#) our Articles:

- Deadline Extension for Payment of Tax and Lodgement of 2025 Personal Income Tax Return.
- Deadline Extension for Payment of Tax and Lodgement of 2025 Corporate Income Tax Return.

⇒ [Read more](#) our latest Client Alert:

- The Procedures for Implementation of Global Minimum Tax.



RSM INSIGHT



Embedded finance is reshaping how financial services reach customers, moving payments, credit, and insurance directly into digital experiences.

As platforms gain influence, organizations face critical questions around customer ownership, profitability, regulation, and risk. The institutions that define their role early will be best positioned to thrive.

Click [here](#) to read more.

OUR ACTIVITIES

TAX SEMINAR

On 8 April 2026, we hosted a tax seminar themed “*Resilience Under Uncertainty*” at Financial Hall, CIMB Niaga that brought together more than 100 professionals from various industries to explore the implementation of Coretax, recent tax regulatory developments, practical approaches to maintaining accurate tax reporting in an increasingly integrated tax environment, and the latest regulation on tax treaty benefits, featuring insights from the Director of International Taxation from The Directorate General of Taxes.



RSM INDONESIA GOES TO CAMPUS

We recently participated in Career Days at several leading universities, including Universitas Gadjah Mada, Universitas Airlangga, Universitas Padjadjaran and Universitas Indonesia. More than 200 students visited our booth to learn about career opportunities and engage with our team. Through these events, we continue to strengthen connections with future talent and support students as they prepare for their professional careers.

See you at our next Career Days event!



OUR ACTIVITIES

RSM WELLNESS DAY

We organized a two-day mini health check-up and a health talk focusing on the prevention and early detection of heart disease, stroke, and cancer, alongside stress management and mental well-being. Conducted in our Jakarta and Surabaya offices, these initiatives brought together nearly 600 participants and reflect our commitment to supporting the overall health of our people while fostering a workplace that promotes both physical and mental well-being.

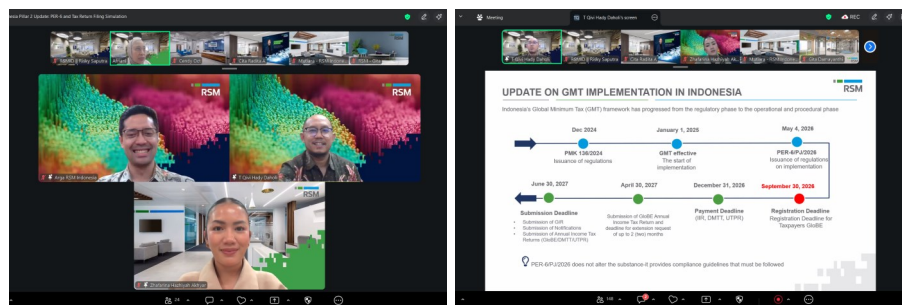
Let's take charge of our health and build a healthier future together.



RSM INDONESIA WEBINAR SERIES

During the second quarter, we successfully delivered a webinar covering key developments in Indonesia's tax landscape, attended by more than 200 participants. Our professionals shared practical insights on Indonesia's Pillar Two implementation, updates on PER-6, and a live simulation of tax return filing requirements.

A recording of the session is available on our official [YouTube channel](#). Stay tuned for more details on our upcoming webinar series.



Thank you for reading



Opinions expressed in these articles are the personal view of RSM Indonesia and are not intended as specific business advice. It might contain extracted information from publicly disclosed information. Though this publication was prepared in cautiousness, no warranty is provided for the information it contains and no liability is accepted for any statement or opinion presented. Readers of this material are recommended to seek professional advice before making any business decisions.

Contact us at newsletter@rsm.id to [subscribe](#) or [unsubscribe](#) from our quarterly newsletter.

For general queries, contact us at inquiry@rsm.id



RSM INDONESIA

Plaza ASIA Level 10
Jalan Jendral Sudirman Kav. 59
Jakarta 12190 Indonesia

rsm.id

RSM Indonesia is a member of the RSM Network and trades as RSM. RSM is the trading name used by the members of the RSM Network. Each member of the RSM Network is an independent assurance, tax and consulting firm each of which practices in its own right. The RSM network is not itself a separate legal entity of any description in any jurisdiction. The RSM Network is administered by RSM International Limited, a company registered in England and Wales (company number 4040598) whose registered office is at 50 Cannon Street, London EC4N 6JJ. The brand and trademark RSM and other intellectual property rights used by members of the Network are owned by RSM International Association, an association governed by article 60 et seq of the Civil Code of Switzerland whose seat is in Zug.